

Direct TAX MCQ Question Answer

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Question: 1. Sale of agricultural land on 1st April, 1970 is an example of transfer of capital asset.

Option A. True

Option B. False

Question: 2. Mr.Karan Kapoor's Taxable Income is Rs.10,00,000. The tax amount will be

Option A. Rs. 1,00,000

Option B. Rs. 1,50,000

Option C. Rs. 2,00,000

Option D. None of the above

Question: 3. The TDS Certificate issued by an employer to his employees in case of salary income is

Option A. Form 16

Option B. Form 26

Option C. Form 26A

Option D. Form 26Q

Question: 4. PAN is necessary for the following assesseees -

Option A. A businessman whose total turnover is Rs.5,00,001

Option B. A charitable trust

Option C. Both of the above

Option D. None of the above

Question: 5. YoungStars, a club, lets out its furnished rooms solely to its members on regular basis. The income earned by the club from such letting-out will be chargeable under the head

Option A. Income from salary

Option B. Income from House Property

Option C. Income from Other Sources

Option D. Income from Business and Profession

Question: 6. Which of the following income is / are exempt from tax?

Option A. Payments received from family income by a member of a HUF

Option B. Share of profit received by a partner of a partnership firm.

Option C. Any income of an educational institution and hospitals

Option D. All of the above

Question: 7. The rates of Income Tax are specified in

Option A. Income Tax Act, 1961

Option B. Income Tax Rules, 1962

Option C. Finance Act

Option D. Circulars of CBDT

Question: 8. The amount of taxable income is to be rounded off to the nearest multiple of Re.1 for income tax calculations.

Option A. True

Option B. False

Question: 9. Income of minor child, if clubbed with income of parents, is exempt from tax up to

Option A. Rs.1,000

Option B. Rs.1,500

Option C. Rs.1,200

Option D. None of the above

Question: 10. Amit has received Rs.25,000 from his former employer as arrear salary of 2004-05 previous year, Rs.85,000 from present employer and Rs.50,000 from the company he is going to join from 01.04.2006, during the previous year 2005-06. The total amount of salary

Option A. Rs.1,60,000

Option B. Rs.1,30,000

Option C. Rs.1,10,000

Option D. Rs. 80,000

Question: 11. Uncommuted pension received by a Government employee is fully exempt from tax.

Option A. True

Option B. False

Question: 12. Interest on capital, borrowed on 10.10.2000, for self-occupied property is deductible upto a maximum amount of

Option A. Rs.1,00,000

Option B. Rs.1,50,000

Option C. Rs.50,000

Option D. No limit

Question: 13. Tax' is imposed on a person by

Option A. State Govt.

Option B. Central Govt.

Option C. Both of the above

Option D. None of the above

Question: 14. Which of the following statements is incorrect?

Option A. Income tax is a direct tax

- Option B. Wealth tax is a central govt. tax
- Option C. Excise duty is an example of direct tax.
- Option D. Entry tax is a state govt. tax.

Question: 15. Which one of the following taxes is not levied by the State Government?

- Option A. Entertainment tax
- Option B. VAT
- Option C. Professional tax
- Option D. None of the above.

Question: 16. The first income tax act was introduced in the year

- Option A. 1918
- Option B. 1861
- Option C. 1860
- Option D. 1886

Question: 17. The apex body of Income Tax Department. is

- Option A. Finance Ministry of Central Govt.
- Option B. Central Govt. of India.
- Option C. CBDT
- Option D. Dept. of Revenue

Question: 18. The Income Tax Act 1961 came into force on

- Option A. 13th Oct. 1961
- Option B. 1st April 1961
- Option C. 13th Sept 1961
- Option D. 13th Dec 1961

Question: 19. The rates of income tax are specified in

- Option A. Income Tax Act 1961
- Option B. Income Tax Rule 1961
- Option C. Finance Act
- Option D. Circular of CBDT

Question: 20. Income Tax Act 1922 is a "milestone" because

- Option A. This Act introduced first the concept of aggregating incomes under different Heads
- Option B. It introduced the concept of "resident but not ordinarily resident"
- Option C. This Act is still in force in India
- Option D. Under this Act the administration was shifted completely from the provincial Govt to the Central govt.

Question: 21. The Income Tax Act, which is still in force in India, was enforced in

- Option A. 1922
- Option B. 1961
- Option C. 1860
- Option D. None of the above

Question: 22. The CBDT consists of

- Option A. One director & Two Members
- Option B. One President & Seven Members
- Option C. One Chairman & Six Members
- Option D. None of the above.

Question: 23. Mr. X has started has business from 1st Sept '05, and does not have any other source of income. His first previous year will start from

- Option A. 1st April '05
- Option B. 1st Sept '05
- Option C. Any of the above
- Option D. None of the above.

Question: 24. Assessment year 2006-07 commenced on

- Option A. 1st April '05
- Option B. 1st April '06
- Option C. 1st April '07
- Option D. 31st March '06

Question: 25. According to Section 2(7) of Income Tax Act "Assessee" means

- Option A. A person by whom any tax or other sum of money is payable
- Option B. A person by whom any proceeding under the Act has been taken
- Option C. A person who is deemed to be an assessee in default under any provision of this Act
- Option D. All of the above

Question: 26. The aggregate income of Mr. Tanmoy under the different heads of income is Rs.1, 50,000. He will get a deduction of Rs.30, 000 under sections 80C to 80U. His Gross Total Income and Net Total income are

- Option A. Rs.150000 & 30000 respectively
- Option B. Rs.150000 & 120000 respectively
- Option C. Rs.120000 & 30000 respectively
- Option D. None of the above.

Question: 27. The term "Person" includes

- Option A. A Registered Firm
- Option B. An Unregistered Firm
- Option C. All of the above
- Option D. None of the above

Question: 28. A company is considered to be resident if

Option A. It is an Indian Company

Option B. During the previous year it's control and management is situated wholly in India

Option C. (a) & (b) both

Option D. Any of the above

Question: 29. Income received or deemed to be received in India (whether accrued in or outside India) is taxable in case of

Option A. Resident

Option B. Not Ordinarily Resident

Option C. Non Resident

Option D. All of the above.

Question: 30. The income of previous year of an assessee is taxed during the following assessment year

Option A. True

Option B. False

Answer Sheet

1	A	
2	D	
3	A	
4	C	
5	C	
6	D	
7	C	
8	B	
9	B	
10	A	
11	B	
12	B	
13	C	
14	C	
15	D	
16	C	
17	C	
18	C	
19	C	
20	D	
21	B	
22	C	
23	B	
24	B	
25	D	
26	B	
27	C	
28	C	
29	D	
30	A	